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IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS

Report of the Secretary-General

Addendum

I. INTRODUCTION

1. While the financial position of the United Nations remains extremely grave, information received recently significantly affects previous cash flow projections. The present addendum is issued to inform Member States of the current situation.

II. CURRENT CASH POSITION

2. The financial forecasts presented to Member States in document A/50/666/Add.4 for the cash position of the combined General Fund (the regular budget, the Working Capital Fund and the Special Account) have been largely confirmed by subsequent actual cash receipts and disbursements. A generally improved pattern of payments reflects the considerable efforts by a number of Member States to respond to previous appeals concerning the financial situation of the United Nations and is illustrated in the annex to the present report.

3. Nevertheless, against a cash balance of $79 million projected in February for the end of April, 1/ the actual cash balance at that date was close to zero. Despite earlier and larger payments by many Member States, payments from Germany, Japan and the United States of America did not fully adhere to the schedule of payments forecast earlier by those Member States for the period January to April 1996.

4. While Germany and Japan have reaffirmed that the amounts in question will be paid by June, the situation of the United States was, until very recently, quite uncertain. The shortfall in the combined General Fund during May will be covered with short-term borrowings from peace-keeping.

5. As to the peace-keeping cash position, a more positive position prevails. More contributions for peace-keeping have been received than had been projected previously for the period January to April. Accordingly, the short-term borrowings of peace-keeping cash to cover the negative position in the combined General Fund at 30 April can be undertaken with some degree of confidence in the ability of the United Nations to effect repayment.

III. RECENT DEVELOPMENTS

6. The national budget recently approved for the United States for the current year provides increased funding for the United Nations, both for the regular budget and peace-keeping, and the amounts involved are now relatively precise. They include substantially full funding for United Nations regular budget assessments in 1995 and additional peace-keeping appropriations. No action was taken, however, relative to the regular budget assessments for 1996 or for periods prior to 1995, which remain unpaid.

7. It now appears likely that the United Nations can expect payments of $122 million more for the regular budget and $134 million more for peace-keeping than the amounts it had previously used in preparing forecasts of cash receipts in the months ahead. Of the amounts approved for the regular budget, $80 million is conditional upon certification by the United States Secretary of State that the United Nations has taken no action to increase "funding for any United Nations programme without identifying an offsetting decrease elsewhere in the United Nations budget". The United Nations was also informed that it could expect to receive most of the increased regular budget payments in June, subject to the above-mentioned condition. Approximately $40 million will be paid in July or shortly thereafter, again subject to the above-mentioned condition.

8. In early March, the Russian Federation announced its intention to pay a total of $400 million to the United Nations in 1996, $275 million more than was previously forecast. Of the total, the United Nations received $46 million in full payment by the Russian Federation of its 1996 regular budget assessment in March, and $28 million in peace-keeping assessments in April.

9. As a result of the resolution of the national budget situation of the United States and the announced intention of the Russian Federation to pay $400 million to the United Nations this year, the estimated cash position of the United Nations should improve, both at 30 June and 31 December 1996. The aggregate new resources being added to the forecasts for 1996 are $531 million, with most of that amount earmarked for peace-keeping.

IV. REGULAR BUDGET CASH FLOW PROJECTIONS

10. The new forecast for combined General Fund cash balances at 30 June 1996 is now $129 million against a forecast in February of $36 million. 2/ Almost all of the increase is attributable to the anticipated receipts from the United States by 30 June, as a result of that Member State's resolution of its national budget situation. Accordingly, it is now forecast that the combined General Fund cash position will become negative in August, rather than at end June or

early July as originally forecast. It is now likely that borrowing from peace-keeping operations to fund regular budget needs can be delayed until then.

11. The February forecast for the combined General Fund at 31 December 1996 was for an extreme negative position of $420 million. 3/ The new forecast shows a significant negative position of minus $198 million.

12. The anticipated decline in the negative balance is due almost entirely to two factors. The new forecast for 31 December includes $122 million in new cash receipts from the United States as a result of that Member State's recently enacted national legislation. Most of this amount will be received by 30 June, but some will be received after that date and before 31 December. In addition, an amount of $113 million is forecast to be received from the United States during the last quarter of 1996, in that Member State's new fiscal year. This latter amount was not included in earlier forecasts.

13. While the United States Government has indicated that it intends to ask its legislature for full funding of its 1996 United Nations regular budget assessments, the United Nations Secretariat, as a prudent measure, has included in this new forecast only the amount actually received from the United States in the comparable period of 1995. The new forecast does not include any other amounts in the United States Government's new national budget request for United Nations 1996 assessments as recently submitted to its legislature.

V. PEACE-KEEPING CASH FLOW PROJECTIONS

14. Cash flow forecasts for peace-keeping operations are inherently more difficult to make than for the regular budget, as the pattern of payments to peace-keeping operations is more complicated and less predictable, month by month, than for the regular budget. It is also due to the uncertainties surrounding the amount and timing of additional peace-keeping assessments. Focusing on the 31 December 1996 position, however, should level out, to a degree, unpredictable month-to-month variations.

15. At 31 December 1996 the Organization's peace-keeping cash position is forecast to be $586 million, a marked improvement from the $340 million originally forecast.

16. One reason for this change is the change in forecast contributions from the United States. Of the $225 million now anticipated from the United States in 1996, $134 million relates to the recently enacted United States legislation, and $91 million relates to anticipated contributions after 30 September. The latter amount is based on actual receipts during the comparable 1 October to 31 December period in 1995. Another factor is the increase of $275 million in contributions anticipated from the Russian Federation.

17. If these contributions are received as now forecast, it may be possible to pay $275 million to Member States for troop and contingent-owned equipment costs in addition to payments of some $300 million already anticipated in the original forecast. The decision to make additional payments to troop and equipment providers can and will only be taken when the forecast contributions are

actually received. If it is possible to make these payments, the debt to Member States for troops and equipment will decrease to $725 million at 31 December 1996. That would be a welcome development for those Member States which have awaited such payments for so long.

VI. CONCLUSION

18. Forecasts in February estimated that the combined cash position of the United Nations at 31 December 1996 would be a negative $80 million. 4/ The factors described above lead to a new forecast of a combined cash position of a positive $388 million, with a negative balance of $198 million for the combined General Fund and a positive peace-keeping balance of $586 million. Amounts owed to Member States for troop costs and contingent-owned equipment are now forecast to end the year at $725 million compared with $1 billion estimated earlier.

19. The new forecasts outlined above show a welcome improvement in the overall position of the Organization. Even if contributions now forecast are actually received, however, they will only mitigate the precarious financial situation of the United Nations, not restore it to financial viability. It should be recalled that, while the new projections constitute a real improvement, the combined General Fund is still estimated to end 1996 with a negative position of $198 million and that outstanding assessed contributions would still total approximately $2.1 billion, of which $1.3 billion would be owed by a single Member State.

20. The projected improvement in the cash position of the Organization is a very welcome development and the Secretary-General would like to express his appreciation to those Member States which have made considerable efforts to meet their obligations to the Organization. Further efforts are clearly required, however, and in this connection Member States with significant arrears have been contacted and urged to make payments immediately or indicate a schedule of when such payments may be expected. The results of this latest appeal will be reflected in future reports to the General Assembly.

Notes

1/ This figure was revised to $97 million in document A/50/666/Add.4.

2/ This figure was revised to $38 million in document A/50/666/Add.4.

3/ This figure was revised to a negative $424 million in document A/50/666/Add.4.

4/ This figure was revised to a negative $84 million in document A/50/666/Add.4.

ANNEX

Member States that paid their 1995 and 1996 regular budget contributions in full by 30 April

(United States dollars)

1-31 January 1995
(19 Member States)

Member State	Amount
Australia	15 954 555
Canada	33 548 279
Denmark	7 649 445
Finland	6 665 944
Iceland	327 833
Ireland	2 185 555
Kuwait	2 185 555
Liechtenstein	109 278
Luxembourg	764 945
Malaysia	1 529 889
Micronesia (Federated States of)	109 278
Netherlands	17 265 889
New Zealand	2 622 667
Norway	6 010 278
Pakistan	655 666
Singapore	1 529 889
Slovenia	764 945
Sri Lanka	109 278
Sweden	13 331 889

1-31 January 1996
(25 Member States)

Member State	Amount
Australia	16 097 993
Austria	9 408 625
Canada	33 745 960
Denmark	7 804 263
Egypt	761 392
Finland	6 716 561
Iceland	326 311
Ireland	2 284 175
Italy	56 533 321
Kuwait	2 066 635
Lesotho	108 770
Liechtenstein	108 770
Luxembourg	761 392
Malaysia	1 522 783
Malta	108 770
Netherlands	17 267 272
New Zealand	2 610 486
Norway	6 091 132
Palau	108 770
Singapore	1 522 783
Slovakia	897 355
Slovenia	761 392
South Africa	3 507 840
Sri Lanka	108 770
Sweden	13 351 545

1 February-15 March 1995
(10 Member States)

Member State	Amount
Algeria	1 748 444
Andorra	109 278
Austria	9 288 612
Bahrain	218 556
Belgium	10 818 500
France	69 063 558
India	3 387 611
Italy	52 344 057
Monaco	109 278
Spain	24 478 223

1 February-15 March 1996
(16 Member States)

Member State	Amount
Bangladesh	108 770
Belgium	10 958 599
Czech Republic	2 828 026
Ethiopia	108 770
France	69 694 517
Indonesia	1 522 783
Jordan	108 770
Micronesia (Federated States of)	108 770
Monaco	108 770
Myanmar	108 770
Namibia	108 770
Paraguay	108 770
Republic of Korea	8 891 966
San Marino	108 770
Spain	25 696 964
Tunisia	326 311

16 March-30 April 1995
(10 Member States)

Member State	Amount
Belize	109 278
Botswana	109 278
Brunei Darussalam	218 556
Germany	97 694 337
Malta	109 278
Marshall Islands	109 278
Myanmar	109 278
Namibia	109 278
San Marino	109 278
United Kingdom of Great Britain and Northern Ireland	57 589 390
Total	441 154 403

16 March-30 April 1996
(15 Member States)

Member State	Amount
Bahrain	217 540
China	7 994 611
Colombia	1 087 702
Côte d'Ivoire	108 770
Cyprus	326 311
Greece	4 133 268
India	3 371 877
Morocco	326 311
Papua New Guinea	108 770
Philippines	642 622
Poland	3 670 995
Russian Federation	48 402 747
Samoa	108 770
United Kingdom of Great Britain and Northern Ireland	57 811 371
Viet Nam	108 770
	433 901 597